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## TRADE RELATIONS WITH CENTRAL AND SOUTH AMERICA AS AFFECTED BY THE WAR

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One of the lessons we learn from the present European war as regards our trade relations with Central and South America, is the dependence of those countries upon Europe and America, and especially upon Europe, for financial assistance, not only for governmental purposes but for the development of their national industries; and, as a corollary, the restriction of the purchasing power of Central and South America when deprived of such financial assistance. South America, particularly, has depended upon European money for the development of its natural resources, from the exploitation of which it has been able to make earnings so as to further increase its borrowing power.

The European war has, however, made it temporarily impossible for the South American countries to obtain financial assistance from that source and for that reason they have suffered in an exceptional degree from financial, industrial and commercial depression. This condition has been aggravated, too, by the loss, in a large measure, of European markets for their products; but, even before the beginning of the great European war, many of the most important South American states were in desperate straits financially owing to the difficulty in meeting their European obligations. It will, in all probability, be many years before Europe will again become the banker and broker of those countries in any adequate measure, at least.

Therefore, it is obvious that if the United States is to realize its ambition to secure a large increase in its Latin American commerce, our capitalists must be prepared to render these countries the required financial assistance. Our country will need a large part of its capital during the next decade for its own industrial development, as in all probability cheap money from European financial centers will not be readily available.

The rehabilitation of the industries of Mexico, when peace shall have been restored in that country, will also require large loans and investments from this country for the protection of the large investments already made there by Americans.

In order to induce our capitalists to supply working capital to Latin American countries they must be assured of the encouragement and coöperation of our national administration and of the guarantee of the protection of their investments against discriminatory laws and confiscation, especially in time of revolutionary movements. Our citizens must be assured at least of the same degree of protection that is guaranteed by other governments to their nationals. This does not by any means imply a truculent attitude on the part of our government toward weaker nations—indeed, nothing would be more prejudicial in the long run to the interests of our citizens than such an attitude on the part of our government. But cheap money is invaluable in the development of new industries, and cheap money can be obtained only by a guarantee of the protection of invested capital against political exigencies.

To obtain the confidence of investors in Pan-American investments, I believe a Pan-American supreme court should be created to deal specifically with disputes as to foreign investments and as to commercial transactions between Pan-American citizens. Such a court should be composed of the leading jurists of our own and of Latin American nations and should sit in neutral territory. If inspired by self-interest only, it would obviously be the aim of such a tribunal to establish confidence in Latin American investments generally and at the same time to reassure our Latin American customers of fair treatment in their business transactions with the exporters of the United States. This is quite as important as the establishment of confidence of our capital in Latin American investments.

Such a court might well be one of final resort. In any event, it should try cases and endeavor to adjudicate them before appeal through diplomatic channels, which almost invariably results in friction and often, indeed, in extreme tension.

Genuine, not merely professed amity, is a great asset in commercial relations, and since the larger South American nations regard the Monroe Doctrine as supererogation on our part, it would seem

good business, to say the least, to restrict the application of the Doctrine to such territory as is necessary for the defense of the Panama Canal and of our sphere of influence in the Caribbean Sea area. As to the rest of South America, the Monroe Doctrine might well be superseded by a Pan-American defensive alliance against attempts at territorial aggrandizement from abroad.